

VZCZCXRO5777
RR RUEHMA RUEHPA
DE RUEHMA #0373/01 1491105
ZNR UUUUU ZZH
R 291105Z MAY 09
FM AMEMBASSY MONROVIA
TO RUEHC/SECSTATE WASHDC 1041
INFO RUCPDO/DEPT OF COMMERCE WASHDC
RUEHZA/ECOWAS COLLECTIVE

UNCLAS SECTION 01 OF 02 MONROVIA 000373

SIPDIS

E.O. 12958: N/A

TAGS: [EINV](#) [BEXP](#) [ETRD](#) [EAID](#) [ECON](#) [KMCA](#) [LI](#)

SUBJECT: LIBERIA: REFORMS BOOST INVESTMENT CLIMATE

Ref: 08 MONROVIA 336

¶1. Liberia continues to work at improving the business climate and moving up the IFC's "Doing Business" index. Eighteen new reforms, following up on 21 last year, simplify requirements for Starting a Business, Trading Across Borders, Registering Property, and Construction Permits. (See para. 5.) In 2008, Liberia ranked 157 of 181 countries, up from 170 of 178 countries in its 2007 debut on the index. The process is guided by the Cabinet level Business Reform Committee, in conjunction with the IFC-sponsored public/private Liberia Better Business Forum (LBBF).

¶2. The 18 reforms continue the effort to reduce the number of signatures and permits required to do business in Liberia. The key is implementation: does the LBBF structure work, and do bureaucrats respect the new procedures? Businesses give us mixed reports. LBBF functions through working groups, and their effectiveness depends on the commitment of members. Our observation is that when an issue is important, public and private sector representatives have been able to cooperate on bringing about real change. Bureaucrats can still present obstructions, but every reform reduces their scope and the sense of impunity in Liberia is gradually waning.

¶3. This is the first time reforms have been made in the thorny area of land ownership. Land disputes are possibly the biggest threat to Liberia's stability and economic growth, and simplifying the administrative process will allow policy makers to focus on the more complex issues. For the first time, these reforms include the Environmental Protection Agency, and reach beyond the central government, to include actions by the Monrovia City Corporation.

¶4. The GOL's 2009-10 draft budget, submitted to the legislature May 19, includes \$2 million to support Liberian businesses. In her budget submission, President Sirleaf also called for rapid action on other legislation that will improve the business climate, specifying revisions to the Revenue Code, that will lower business and personal tax rates, passage of the Public Financial Management Act. The revised Investment Code still has not been resubmitted to the legislature.

¶5. Following is a list of the 18 reforms:

Starting A Business

-- Harmonization of unique corporate taxpayer IDs between agencies (Finance, Commerce and NASSCORP, the social security agency) allows streamlined business registration (e.g., all agencies will use the same ID number).

-- Streamlining documentation required by NASSCORP: eliminates the requirement to produce copies of articles of incorporation and/or partnership, and will rely on proof of registration from the Ministry of Commerce.

-- Clarification and documentation of Environmental Protection Agency (EPA) procedures for an Environmental Impact Assessment or EPA permit.

-- Elimination of annual re-registration requirement at the Ministry

of Commerce. Commerce will accept proof of payment at the Ministry of Finance as proof of annual registration. (Note: this follows up on last year's reform that businesses could register any time, not just in January. Extending the registration period beyond one year is the next goal, but requires legislative action. End note.)

Trading Across Borders

- Establishment of a centralized facility at the port to provide a single location for cargo clearance.
- Introduction of a preliminary risk-based inspection regime to eliminate 100% inspection of imports.
- Delegation of signature authority by the Deputy Minister of Revenue for duty free clearances.
- Reduction in number of signatures on import permits (IPD) from three to two (the Director of Foreign Trade and the Assistant Minister of Commerce), and elimination of the fee.
- Elimination of the requirement to obtain a permit for destination inspection of imports. (Ministry of Commerce)
- Elimination of the 150% collateral check requirement for vehicle imports; the Ministry of Finance now uses the web-based Kelly's Blue Book to determine vehicle values.
- Elimination of the Ministry of Agriculture import/export permit.

MONROVIA 00000373 002 OF 002

- Elimination of the Forestry Development Agency export license.

Registering Property

- Ministry of Lands, Mines & Energy has agreed to remove the requirement that surveyors be issued permits for each survey. Will now accept an annual license from the Board of Surveyors. (Comment: This does not, however, address the problem of fraud by land surveyors. End comment.)
- Clarification by the Ministry of Lands, Mines & Energy of the notice period that must be provided by surveyors (five days exclusive of Sundays).
- Archives agrees to notify the Bureau of Internal Revenue of title transfer upon registration (seller/buyer no longer required to do so).
- Probate court has agreed to approve deeds within five business days.

Construction Permits

- Significant reduction in fees by the Monrovia City Corporation, from 3% of value to \$.04 per sq. ft., and elimination of the requirement to submit signed drawings. MCC will rely on the approved permit from the Ministry of Public Works.
- Elimination of the need to obtain a tax waiver from the Ministry of Finance prior to obtaining a permit.

THOMAS-GREENFIELD